

SENATE BILL 2784

By Burchett

AN ACT to amend Tennessee Code Annotated, Title 55  
and Title 56, relative to financial responsibility of  
persons who register motor vehicles.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 55, Chapter 4, Part 1, is amended by  
adding the following as a new, appropriately designated section:

§ 55-4-1\_\_.

(a) It is the policy of this state that no vehicle shall be registered or driven on the  
highways of this state which is not in compliance with the Financial Responsibility Law of  
1977, compiled in title 55, chapter 12.

(b) No registration or renewal of registration of a motor vehicle shall be issued by  
the commissioner unless the application for registration or renewal is accompanied by  
evidence that the vehicle and its owner have met the requirements of title 55, chapter  
12, for the period in which the registration or renewal will be valid. Every registration  
shall be accompanied by the following notice: "THIS REGISTRATION SHALL  
AUTOMATICALLY TERMINATE UPON THE OWNER'S FAILURE TO MAINTAIN  
EVIDENCE SHOWING THAT THE OWNER AND THE OWNER'S VEHICLE ARE IN  
COMPLIANCE WITH THE REQUIREMENTS OF THE TENNESSEE FINANCIAL  
RESPONSIBILITY LAW OF 1977."

(c) Submission of one (1) of the following shall be evidence sufficient to  
show that a vehicle's owner has complied with the requirements of title 55,  
chapter 12, as provided in subsection (b):

(1) A certificate in a format prescribed by the commissioner issued by an insurance company authorized to do business in this state stating that a policy of insurance meeting the requirements of title 55, chapter 12, has been issued and will be in force during the period of registration or renewal, accompanied by electronic confirmation of such coverage from the insurance company; or

(2) A certificate, valid for one (1) year, issued by the commissioner of safety stating that a cash deposit or bond in the amount required by title 55, chapter 12, has been paid or filed with the commissioner's office for the period of registration or renewal.

(d) Upon the cancellation or termination of any insurance policy that fulfilled the requirements of title 55, chapter 12, the insurer shall within five (5) business days provide notice to the commissioner and to the insured that to the insurer's knowledge the vehicle no longer meets the requirements of title 55, chapter 12, and that the registration of such vehicle will automatically terminate in thirty (30) days from the date of such notice unless such requirements are met.

(e) Upon the withdrawal of any cash deposit or bond that fulfilled the requirements of title 55, chapter 12, the commissioner of safety shall within five (5) business days provide notice to the commissioner of revenue and the registrant that to the commissioner of safety's knowledge the vehicle no longer meets the requirements of title 55, chapter 12, and that the registration of such vehicle will automatically terminate in thirty (30) days from the date of such notice unless such requirements are met.

(f) The registration of any vehicle shall automatically terminate thirty (30) days from the date of notice to the commissioner of revenue pursuant to subsection (d) or (e), unless the owner of the vehicle provides the evidence required in subsection (c).

(g) The commissioner shall, upon receipt of the notice provided in subsection (d) or (e), immediately notify the registrant that the registration of such vehicle will be terminated unless the registrant submits the evidence required in subsection (c) to the commissioner.

(h) Any insurance company which fails to provide the notice required in subsection (d) shall remain liable to the extent of the original policy limits for any accident the policy would have covered until the earlier of:

(1) The period of validity of the certificate concludes; or

(2) The notice required in subsection (d) is provided to the commissioner.

SECTION 2. Tennessee Code Annotated, Title 55, Chapter 12, Part 1, is amended by adding the following as a new, appropriately designated section:

(a) Any insurance company licensed to do business in this state and seeking to provide a policy which fulfills the requirements of this chapter shall be required to electronically transmit to the department of revenue:

(1) Confirmation of any such policy or policy renewal sold; and

(2) Notice of termination of any such policy;

(b) The department of revenue shall prescribe the form and manner of electronic transmission and is authorized to contract with a private entity for the compiling and maintenance of data required by this section.

(c) The information required by this section shall also be available to law enforcement personnel and the department of safety for the purposes of confirming compliance with this chapter.

SECTION 3. Tennessee Code Annotated, Section 55-4-118, is amended by adding the following as a new subsection thereto:

(c) Whenever the owner of a registered vehicle transfers or assigns the owner's title or interest to the vehicle, the buyer shall provide the owner with proof of the buyer's compliance with the Financial Responsibility Law of 1977, compiled in title 55, chapter 12, prior to the buyer taking possession of vehicle.

SECTION 4. The commissioner of revenue and the commissioner of safety are authorized to promulgate rules to effectuate the purposes of this act. All such rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 5. For the purpose of developing forms and promulgating rules by the commissioner of revenue and the commissioner of safety, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes this act shall take effect January 1, 2011, the public welfare requiring it.